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Quality is Our Bottom Line

Insurance Committee Public Hearing

Tuesday, February 3, 2015

Connecticut Association of Health Plans

Testimony in Opposition to

SB 7 AAC HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS

The Connecticut Association of Health Plans respectfully requests the rejection of SB 7 which qualifies as a new mandate under the Affordable Care Act (ACA) and thereby requires that the State of Connecticut pick-up the associated costs. Please consider the OLR summary from the same exact bill considered in 2013 (HB 6320) which states that:

> ***The Affordable Care Act (P.L. 111-148) allows a state to require health plans sold through its exchange to offer benefits beyond those already included in its "essential health benefits," but the act requires the state to defray the cost of these additional benefits. The requirement applies to mandates enacted after December 31, 2011. As a result, the state would be required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after this date.***

It's worth noting that ***none*** of the mandates under consideration by the Committee would apply to those individuals, including state employees, who are covered by self-insured plans. The burden of new mandates would fall ***only*** on the fully-insured market which is generally made up of the smallest employers who are least able to afford premium increases.

More and more companies and government entities that can afford to take the risk of moving to self-insured status do - meaning they set their own benefit structures, outside the scope of mandated benefits, and assume liability for the associated claims cost. The ratio of self-insured to fully-insured groups in CT is now nearing 60% to 40%. As the ACA recognizes, the system cannot continue to absorb the additional costs of new mandates.

Prescription drug prices are one of the fastest growing components of health care costs today. The Health Insurance Association of America predicts that spending on prescription drugs will increase annually an average of 10 to 13%. The reasons for such staggering increases are varied: the FDA is approving new drugs faster, the population is aging, the pharmaceutical companies are employing very aggressive marketing strategies and the new high tech sophisticated drugs are great but they're expensive.

Understandably, employers who generally pay the bulk of health insurance premiums have looked to their health insurers and pharmacy benefit managers (PBMs) for tools to help manage the escalating costs. Policies like SB 7 which dictate certain cost reimbursement structures end up restricting the ability of health plans to offer affordable benefit packages.

Please also consider that Connecticut already has a statute in place for the coverage of oral chemotherapy drugs, but this proposal is vastly more broad in scope in that it expands the mandate to apply to any and all chronic diseases.

Furthermore it's important to recognize the complexity of benefit structures. For example, intravenous medications often fall under the medical benefit portion of a policy while oral medications fall under the pharmacy benefit. Consider the state account, for instance, which has separate carriers for the medical and pharmacy benefits each with its own structure and cost sharing requirements. Tying the two benefits together adds appreciable administrative complexity.

From the quality standpoint, there are studies that suggest that compliance and safety outcomes are often better with IV treatment as opposed to oral drugs adding a critical clinical component to the argument against mandating such coverage.

We strongly urge the Committee's rejection of SB 7. Many thanks for your consideration.